

Louisiana Insurance UPDATE

Commissioner of Insurance

Fall 1999 Vol. 6 No. 2

This year's health care conference a smashing success, next one planned for September Y2K

Planning is underway for the Sixth Annual Health Care Conference, an annual event which has become the largest regional conclave of its kind.

"Our health care conferences have brought together the best minds in the field to advance new ideas and exchange information on related developments," said Commissioner Brown. "Our health care conferences have become a crucible for movers and shakers in the industry to test new ideas," said Commissioner Brown.

The Fifth Annual Health Care Conference, held recently at the Radisson Hotel, was an unqualified success with more than 1,000 participants in attendance.

The Louisiana Department of Insurance has been recognized as an aggressive leader in trying to find ways to offer better healthcare for thousands of citizens in Louisiana.



Commissioner of Insurance Jim Brown addresses participants at the 1999 Health Care Conference

La. Supreme Court upholds Commissioner Brown's position on pre-existing conditions

INSIDE

Early shopping for Medicare HMOs urgedp. 3
Uniform Treatment Declaration now in effectp. 3

Company Changesp. 5

A Louisiana Supreme Court decision handed down in October protects Louisiana citizens who had health care claims improperly denied for preexisiting conditions during a 15-month period beginning Jan 1, 1993.

"In other words," Commissioner of Insurance Jim Brown said, "if you became covered by an employer group health plan after 1993, you may have had

Supreme Court decision cont.

a two-year limitation on pre-existing conditions. However, the Legislature shortened the period of time the pre-existing condition limitation was in effect from two years to one. It was the Insurance Department's position that an employee hired after Jan.1, 1993, and covered by such an employer policy would only face a one-year pre-existing condition limitation, regardless of when the group contract was issued. The Supreme Court agreed," he said.

Brown said his is confident the decision will aid in remedying some of the problems the state has with the large number of underinsured people. "This ruling could benefit thousands of Louisianians," said Brown. "It gives much more coverage to those who have been excluded."

Louisiana Department of Insurance rejected rogue financier

Martin Frankel, the financier who is believed to have been responsible for billions of dollars in securities losses, is thought to have tried to ply his deal-making in Louisiana last year, but his representative went away empty handed after refusing to disclose his financial sources.

Louisiana Insurance Commissioner Jim Brown said, "We feel that a man, who identified himself as Larry Martin and came to Louisiana to buy an insurance company, is linked to Frankel." "After we started asking questions . . . Mr. Martin, or whoever he was, left and we haven't heard of him since."

Martin met with Louisiana insurance regulators, including Brown's financial solvency chief, last November to discuss buying a Louisiana insurance company. Martin claimed to handle investments for a group of insurance companies, including Franklin American Life Insurance Company, through a consultant named David



Martin Frankel in 1995

Rosse. It is now known that David Steven Rosse is one of the aliases used by Frankel. Other aliases he used include Steve "Marty" Rothschild, Eric Stevens, Robert Guyer, Michael King and Fausto Fausti, according to his arrest warrant and other sources.

During his meeting in Louisiana, Martin expressed an interest in acquiring United Life and Annuity Insurance Co., an insurer then based in Baton Rouge and up for sale by its owner, PennCorp. United, once owned by United Companies Financial Corp of Baton Rouge, had \$1.4 billion in assets at the end of the 1998, according to its financial statement.

"After we started asking questions about the source of his money, Mr. Martin, or whoever he was, left and we haven't heard of him since," said Commissioner Brown. Martin proposed using money from Luxembourg via the British Virgin Islands to buy a Louisiana company. Pressed for details about the source of the money, Martin told

Louisiana regulators that was confidential information.

"We have a highly trained professional staff on board with the expertise and resources needed to spot financial trouble early on. My Deputy Commissioner of Financial Solvency, Craig Gardner, and his staff have looked at more than one proposal with a jaundiced eye.

After a four-month international manhunt, Frankel was arrested in Hamburg, Germany, and is now awaiting extradition back to the U.S. Not waiting for his return, Arkansas, Tennessee and Mississippi have already initiated legal proceedings against Frankel and officials of Frankel-affiliated insurance companies.

Commissioner Brown urges early shopping, timely buying for those losing Medicare HMO coverage

Commissioner of Insurance Jim Brown recommends a strict shopping and buying timetable to thousands of Medicare beneficiaries who will lose their Medicare HMO coverage effective Dec. 31.

"Approximately 16,000 people will no longer have the option of being covered under a Medicare HMO," Commissioner Brown said. "However, they will automatically be covered under the traditional Medicare program effective Jan 1. In addition, they have the **guaranteed** right to buy either one of four Medicare supplement insurance policies also effective immediately," he said.

Commissioner Brown recommended the following timetable to all 16,000 affected Medicare HMO beneficiaries interested in buying Medicare Supplement Insurance:

- Shop your options now. Medicare Supplement policies are available all over the state.
- Make your decision now. Decide what medsup policy you are going to buy as soon as possible.
- Be sure the agent makes your new policy effective Jan. 1 and not before. Your Medicare HMO coverage will be good through Dec. 31.

"We regret that the Medicare HMOs involved are unable to continue participating in the Medicare+Choice program," said Commissioner Brown. "However, the important thing to remember now is that all those losing Medicare HMO coverage are eligible to enroll in any one of the four most common Medigap policies sold in the state regardless of their age or the state of their health."

"We at the Department of Insurance will use our full regulatory power to see that all companies selling Medigap coverage in this state comply with the law," Brown said. "Anyone who feels he or she is being treated unfairly by any agent or company selling Medicare Supplement insurance should call the Department's Senior Counseling Program, SHIIP (Senior Health Insurance Information Program), toll-free, 1-800-259-5300," he said.

To help ease the transition for affected beneficiaries, Department of Insurance SHIIP representatives, along with representatives of Social Security, Louisiana Medicare Part B and the Louisiana Peer Review Organization, are conducting free "Medicare 101" seminars statewide to explain the available options. In addition, the Department's Office of Health Insurance has instructed the HMOs to set up local meetings in the areas of the state where they are discontinuing service.

Commissioner Brown signed Uniform Treatment Declaration

Commissioner Jim Brown signed the Uniform Treatment Declaration effective July 30, 1999. This agreement creates barrier-free reciprocity to non-resident producer licensing with other participating states.

In the past, obstacles such as countersignature laws have prevented non-resident producers from operating in the same manner as resident producers. Commissioner Brown's legislation, which repealed the countersignature provision, passed during the 1999 Legislative Session.

The Uniform Treatment Declaration is the National Association of Insurance Commissioner's coordinated approach to achieving greater uniformity in the non-resident licensing process, as well as addressing restrictions on sales and solicitation by non-resident producers.

The motive for the Declaration has been the threat of federal legislation that would effectively eliminate what many consider an out-of-date and difficult process of meeting separate license requirements in every state. Federal infringement into the licensing arena would seize much of the states' producer licensing authority.

Agent charged in fraud scheme with counterfeit insurance cards

Leonard Frank Giovingo of Independence was arrested and charged with felony theft, forgery, misappropriation of insurance premiums, insurance fraud and automobile insurance fraud. (Insurance fraud and automobile insurance fraud are covered in two separate statutes.) The arrest was the result of an ongoing investigation of State Police, Department of Insurance fraud investigators and the National Insurance Crime Bureau.

"This is a major investigation into fraudulent activities and the efforts are continuing so we can determine the magnitude of this unlawful operation," said Commissioner Brown.

The suspect issued counterfeit proof of insurance cards frequently using the name of Imperial Fire and Casualty Insurance Co. or Republic Insurance Co. of Dallas, Tex. "The truth is that this person is not the authorized agent of any property and casualty insurance company, and therefore cannot legally sell automobile insurance for these companies," said Commissioner Brown.

The suspect allegedly issued bogus insurance cards, but did not issue actual policies. "This is a variation of a

"This may be the most comprehensive insurance fraud scheme involving automobile insurance that we have seen so far."

frequent fraudulent scenario in which agents pocket premiums and don't forward the money to an insurance company to issue a policy," said Commissioner Brown.

Investigators have information that the suspect directed persons, who purchased what they thought was insurance coverage from him, to the body shop to repair

wrecked vehicles. Investigators believe that persons whose vehicles were damaged by the suspects "policyholders" were also directed to the body shop, Commissioner Brown said. Some victims' cars have been at the body shop for extended periods of time without repairs being completed, Commissioner Brown said evidence indicates.

"This may be the most comprehensive insurance fraud scheme involving automobile insurance that we have seen so far," said Commissioner Brown. "It appears that victims not only were defrauded out of their insurance premiums but also were victimized a second time when their vehicles were brought in for repairs that were not completed at all or not completed in a timely fashion," he said.

New Publications available from Department

The Department of Insurance has the following new publications now available:

<u>Buyer's Guide to Fixed Deferred Annuities</u> will help you understand the differences among various annuities so you can choose the kind that best fits your needs or better understand the ones you already have. <u>Teenager's Guide to Auto Insurance</u>, answers many of the questions that teens and their parents have about insurance coverage. This free guide will help new drivers understand what auto insurance is and how it affects them. The guide also offers suggestions on how you and your teenagers can save money on your auto insurance.

New Publications cont.

Multiple copies of *Teenager's Guide to Auto Insurance* are also available for classroom use. Contact the Department's Office of Public Affairs.

<u>Solving Your Health Insurance Problems</u> is designed to assist you in choosing the right health care plan and resolving medical insurance claims disputes.

If you are interested in receiving one or both of these new publications, call the Department's toll-free number or visit our web site http://wwwldi.ldi.state.la.us.

Company changes for the First Quarter of the 1999-2000 Fiscal Year

ACQUISITION

GUARANTY ASSURANCE COMPANY (LA)

Acquisition filed whereby Dental Economics, L.P., a Delaware limited partnership, has acquired control of **Guaranty Assurance Company**, a Louisiana insurer. Hearing held and acquisition hereby approved on **July 22, 1999** by Joe Wills, Hearing Officer for the Louisiana Department of Insurance. Dated 7/22/99.

PRINCIPAL HEALTH CARE OF LOUISIANA, INC. (LA)

Acquisition whereby **Principal Health Care of Louisiana, Inc.**, a Louisiana health maintenance organization, has been acquired through the acquisition of Coventry Health Care, Inc., a Louisiana corporation, by Warburg, Pincus Ventures, L.P., a Delaware limited partnership. Acquisition is hereby approved by Joe Wills, Hearing Officer for the Louisiana Department of Insurance on August 31, 1999.

AGENT FOR SERVICE OF PROCESS

LOUISIANA EMPLOYERS-MANAGED INSURANCE COMPANY (LA) f/k/a Louisiana Employers Mutual Insurance Company

Amendment (effective 8/23/99): amending Articles of Incorporation – changing the Company's agent for service of process to **J. Ashley Moore**, 451 Florida Boulevard, 8th Floor, Bank One Centre, P.O. Box 2471 (70821), Baton Rouge, LA 70801. Dated 9/2/99.

PAN-AMERICAN ASSURANCE COMPANY (LA)

Change of Registered Agent Form and Board Resolution filed changing the Company's agent for service of process to **Raymond J. Munna**, Legal Department, 601 Poydras Street, New Orleans, LA 70130. Dated 8/30/99.

AMENDMENT TO CERTICATE OF AUTHORITY

CIGNA INSURANCE COMPANY (PA)

Amendment to Certificate of Authority: certificate amended to add **accident and health** insurance, to the company's authority in Louisiana. Dated 7/1/99.

CONTINENTAL LIFE INSURANCE COMPANY (TX)

Amendment (effective 3/18/99): amending Articles of Incorporation (changing the company's city of domicile from Fort Worth to **Amarillo, Potter County**, Texas). Dated 7/23/99.

FOLKSAMERICA REINSURANCE COMPANY (NY)

Amendment to Certificate of Authority: certificate amended to add **fidelity and surety** insurance to the company's authority in the State of Louisiana. Dated 9/30/99.

LA EMPLOYERS MUTUAL INSURANCE COMPANY (LA)

Amendment (effective 8/23/99): amending Articles of Incorporation – changing the company's name from Louisiana Employers Mutual Insurance Company to Louisiana Employers-Managed Insurance Company and converting the company from a mutual to a stock insurer. Dated 9/2/99.

MS CASUALTY INSURANCE COMPANY (MS)

Amendment to Certificate of Authority: certificate amended to add **workers' compensation** insurance to the company's authority in the State of Louisiana. Dated 9/30/99.

ROYAL LIFE INSURANCE COM-PANY OF AMERICA (CT)

Amendment to Certificate of Authority: certificate amended to add **annuities**, **variable annuity** and **variable life insurance** to the company's authority in Louisiana. Dated 7/26/99.

SAFETY NATIONAL CASUALTY CORPORATION (MO)

Amendment to Certificate of Authority: certificate amended to add vehicle, burglary & forgery, glass, fire & extended coverage, crop & livestock, and marine & transportation (inland marine) insurance to the company's authority in the State of Louisiana. Dated 10/6/99.

MERGER AGREEMENT

ALLENDALE MUTUAL INSURANCE COMPANY (RI)

Merger Agreement (effective 7/1/99): whereby Protection Mutual Insurance

Company, an Illinois insurer (licensed) and Arkwright Mutual Insurance Company, a Massachusetts insurer (licensed), merged into Allendale Mutual Insurance Company, a Rhode Island insurer (licensed/surviving company). Upon the effective date of merger, the separate existence of Protection Mutual Insurance Company and Arkwright Mutual Insurance Company ceased to exist. Simultaneously with merger, Allendale Mutual Insurance Company changed its name to Factory Mutual Insurance Company. Dated 7/23/99.

COLONIAL PENN FRANKLIN INSURANCE COMPANY (PA)

Merger Agreement (effective 7/30/99): whereby Forum Insurance Company, an Illinois insurer (licensed), merged into **Colonial Penn Franklin Insurance Company**, a Pennsylvania insurer (licensed/surviving company). At the effective time of merger, the separate existence of **Forum Insurance Company** ceased. Dated 8/25/99.

CONSECO MEDICAL INSUR-ANCE COMPANY (IL)

Merger Agreement (effective 1/1/99): whereby National Group Life Insurance Company, an Illinois insurer (licensed) merged into **Conseco**Medical Insurance Company, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of National Group Life Insurance Company ceased. Dated 7/2/99.

UNION FIDELITY LIFE INSURANCE COMPANY (IL)

Merger Agreement (effective 7/30/99): whereby The Signature Life Insurance Company of America, an Illinois insurer (licensed), merged into **Union Fidelity Life Insurance Company**, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of **The Signature Life Insurance Company of America** ceased. Dated 8/25/99.

UNION FIDELITY LIFE INSURANCE COMPANY (IL)

Merger Agreement (effective 7/30/99): whereby Montgomery Ward Life Insurance Company, an Illinois insurer (licensed), merged into **Union Fidelity Life Insurance Company**, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of **Montgomery Ward Life Insurance Company** ceased. Dated 8/25/99.

UNION FIDELITY LIFE INSURANCE COMPANY (IL)

Merger Agreement (effective 1/1/99): whereby PHF Life Insurance Company, a Florida insurer (licensed) merged into and with **Union Fidelity Life Insurance Company**, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of **PHF Life Insurance Company** ceased. Dated 7/23/99.

NAME CHANGE and/or REDOMESTICATION

AMERICAN LIBERTY INSUR-ANCE COMPANY (IA)

Amendment (effective 01/01/99): amending Articles of Incorporation – changing the company's name from American Liberty Insurance Company to **EMC Property & Casualty Company**. Dated 6/29/99.

ARCADIA NATIONAL LIFE INSUR-ANCE COMPANY (AZ)

Amendment (effective 8/15/99): amending Articles of Incorporation (changing the company's name from Arcadia National Life Insurance Company to **Reliance Life Insurance Company**) and redomesticating the company from Arizona to Delaware. Dated 9/22/99.

BALOISE INSURANCE COMPANY OF AMERICA (NY)

Amendment (effective 1/26/99): amending Articles of Incorporation (changing the company name from The

Baloise Insurance Company of America to **Providence Washington Insurance Company of New York**). Dated 8/25/99.

CIM INSURANCE CORPORA-TION (NY)

Redomestication (effective 4/29/99): amending Articles of Incorporation – redomiciling the company from New York to **Michigan**. Dated 9/1/99.

CALVERT INSURANCE COMPANY (PA)

Amendment (effective 8/11/99): amending Articles of Incorporation (changing the company's name from Calvert Insurance Company to **Specialty National Insurance Company**). Dated 9/22/99.

FIRST REINSURANCE COMPANY OF HARTFORD (CT)

Amendment (effective 7/1/99): amending Articles of Incorporation (changing the company name from The First Reinsurance Company of Hartford to **Deerfield Insurance Company** and redomesticating the company from Connecticut to the State of **Illinois**). Dated 8/25/99.

FOUNDATION HEALTH, A LOUI-SIANA HEALTH PLAN, INC. (LA)

Amendment (effective 8/12/99): amending Articles of Incorporation (changing the HMO's name from Foundation Health, a Louisiana Health Plan, Inc. to **AmCare Health Plan of Louisiana, Inc.**). Dated 9/21/99.

LEADER NATIONAL INSURANCE COMPANY (OH)

Amendment (effective 12/10/98): amending Articles of Incorporation – changing the company's name from Leader National Insurance Company to **Leader Insurance Company**. Dated 6/29/99.

LINCOLN MEMORIAL LIFE INSURANCE COMPANY (TX)

Amendment (effective 03/03/99): amending Articles of Incorporation – changing the company's name from Lincoln Memorial Life Insurance Company to **New Life Insurance Company**. Dated 6/29/99.

LYNDON SOUTHERN INSUR-ANCE COMPANY (LA)

Change of Registered Office Form and Board Resolution filed changing the Company's city of domicile to **Marksville**, Louisiana. Dated 8/31/99.

MIDLAND NATIONAL LIFE INSUR-ANCE COMPANY (SD)

Redomestication (effective 7/1/99): amending Articles of Incorporation – redomiciling the company from South Dakota to the State of **Iowa**. Dated 10/6/99.

MILLERS MUTUAL FIRE INSUR-ANCE COMPANY (TX)

Amendment (effective 04/21/99): amending Articles of Incorporation – changing the company's name from The Millers Mutual Fire Insurance Company to **The Millers Insurance Company** and converting it from a mutual to a stock property and casualty company. Dated 6/29/99.

MOTORS INSURANCE CORPORATION (NY)

Redomestication (effective 4/29/99): amending Articles of Incorporation – redomiciling the company from New York to **Michigan**. Dated 9/1/99.

MUTUAL ASSURANCE, INC. (AL)

Amendment (effective 6/15/99): amending Articles of Incorporation – changing the company's name from Mutual Assurance, Inc. to **The Medical Assurance Company, Inc.** Dated 10/6/99.

NATIONAL LIFE INSURANCE COMPANY (AZ)

Amendment (effective 8/15/99): amending Articles of Incorporation (changing the company's name from Arcadia National Life Insurance Company to **Reliance Life Insurance Company**) and redomesticating the company from Arizona to **Delaware**. Dated 9/22/99.

SEABOARD LIFE INSURANCE COMPANY (USA) (IN)

Amendment (effective 3/1/99): amending Articles of Incorporation (changing the company name from Seaboard Life Insurance Company (USA) to **Centris Life Insurance Company**). Dated 8/25/99.

UNITED GENERAL TITLE INSURANCE COMPANY (LA)

Redomestication (effective 6/1/99): amending Articles of Incorporation (redomesticating the company from Louisiana to the State of **Colorado**). Dated 8/25/99.

WINTERTHUR LIFE RE INSUR-ANCE COMPANY (TX)

Amendment (effective 4/2/99): amending Articles of Incorporation changing the company's name from Winterthur Life Re Insurance Company to **PartnerRe Life Insurance Company of the U.S.** Dated 9/22/99.

VASA NORTH ATLANTIC INSUR-ANCE COMPANY (IN)

Amendment (effective 2/24/99): amending Articles of Incorporation – changing the company's name from VASA North Atlantic Insurance Company to **Centris Insurance Company**. Dated 6/23/99.

WORLD SERVICE LIFE INSURANCE COMPANY OF AMERICA (AL)

Redomestication (effective 12/31/98): amending Articles of Incorporation – redomiciling the company from Alabama to the State of **Texas**. Dated 6/29/99.

WORLD SERVICE LIFE INSUR-ANCE COMPANY OF AMERICA (TX)

Amendment (effective 03/04/99): amending Articles of Incorporation – changing the company's name from World Service Life Insurance Company of America to Lincoln Memorial Life Insurance Company. Dated 6/29/99.

ZURICH REINSURANCE (LONDON) LIMITED (ENGLAND)

Amendment (effective 4/16/99): amending Articles of Incorporation – changing the company's name from Zurich Reinsurance (London) Limited to **Zurich Specialties London Limited.** Dated 6/28/99.

Single copies of the following publications are available free of charge at your request:

<u>Ask Commissioner Brown</u> -- The Commissioner's award-winning weekly question-and-answer-style column that appears in more than 30 newspapers around the state.

<u>How to File and Insurance Complaint</u> -- A step-by-step explanation of how to file a complaint with the Department of Insurance and what help you can expect once you have filed your complaint.

<u>Solving Your Health Insurance Problems</u> —Assists you in choosing the right health care plan and resolving disputes about medical insurance claims.

<u>The Pocket Guide to Getting a Resident Insurance License</u> -- A guide for those interested in becoming insurance agents licensed to sell in Louisiana.

<u>Life Insurance Buyer's Guide</u> — A guide which helps answer your questions about purchasing life insurance.

Answers to Common Questions about Flood Insurance -- A timely guide for flood-prone Louisiana.

Buyer Beware -- A top 10 list of things you can do to stop insurance fraud.

<u>Consumers' Guide to Auto and Home Insurance</u> -- Shopping tips, policy terminology, discount information and easy-to-use worksheets make this booklet a consumer favorite.

<u>Dos and Don'ts of Workers' Compensation</u> -- The guidelines people should follow when they experience injury at their place of employment.

<u>Hurricane Preparedness Guide</u> -- An eight-page pamphlet that tells you how to prepare your home and family for Louisiana's major natural disaster. Remember: hurricanes affect inland as well as coastal residents.

<u>Louisiana Insurance Fraud Investigator</u> -- A special report on the fraud-fighting efforts of the Department.

Louisiana Department of Insurance Commissioner James H. "Jim" Brown P.O. Box 94214 Baton Rouge, LA 70804-9214 PRESORT
FIRST CLASS
U.S. POSTAGE
PAID
BATON ROUGE,LA.
PERMIT NO. 256

This public document was published at a total cost of \$. A total of 10,000 copies of this public document were published in this printing. This document was published for the Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA., 70804-9214, by , Baton Rouge, LA , under the authority of special exception by the Division of Administration. This material was printed in accordance with the standard for printing by state agencies established pursuant to R.S. 43:31.



Louisiana Insurance UPDATE

Commissioner of Insurance

Fall 1999 Vol. 6 No. 2

This year's health care conference a smashing success, next one planned for September Y2K

Planning is underway for the Sixth Annual Health Care Conference, an annual event which has become the largest regional conclave of its kind.

"Our health care conferences have brought together the best minds in the field to advance new ideas and exchange information on related developments," said Commissioner Brown. "Our health care conferences have become a crucible for movers and shakers in the industry to test new ideas," said Commissioner Brown.

The Fifth Annual Health Care Conference, held recently at the Radisson Hotel, was an unqualified success with more than 1,000 participants in attendance.

The Louisiana Department of Insurance has been recognized as an aggressive leader in trying to find ways to offer better healthcare for thousands of citizens in Louisiana.



Commissioner of Insurance Jim Brown addresses participants at the 1999 Health Care Conference

La. Supreme Court upholds Commissioner Brown's position on pre-existing conditions

INSIDE

Early shopping for Medicare HMOs urgedp. 3
Uniform Treatment Declaration now in effectp. 3

Company Changesp. 5

A Louisiana Supreme Court decision handed down in October protects Louisiana citizens who had health care claims improperly denied for preexisiting conditions during a 15-month period beginning Jan 1, 1993.

"In other words," Commissioner of Insurance Jim Brown said, "if you became covered by an employer group health plan after 1993, you may have had

Supreme Court decision cont.

a two-year limitation on pre-existing conditions. However, the Legislature shortened the period of time the pre-existing condition limitation was in effect from two years to one. It was the Insurance Department's position that an employee hired after Jan.1, 1993, and covered by such an employer policy would only face a one-year pre-existing condition limitation, regardless of when the group contract was issued. The Supreme Court agreed," he said.

Brown said his is confident the decision will aid in remedying some of the problems the state has with the large number of underinsured people. "This ruling could benefit thousands of Louisianians," said Brown. "It gives much more coverage to those who have been excluded."

Louisiana Department of Insurance rejected rogue financier

Martin Frankel, the financier who is believed to have been responsible for billions of dollars in securities losses, is thought to have tried to ply his deal-making in Louisiana last year, but his representative went away empty handed after refusing to disclose his financial sources.

Louisiana Insurance Commissioner Jim Brown said, "We feel that a man, who identified himself as Larry Martin and came to Louisiana to buy an insurance company, is linked to Frankel." "After we started asking questions . . . Mr. Martin, or whoever he was, left and we haven't heard of him since."

Martin met with Louisiana insurance regulators, including Brown's financial solvency chief, last November to discuss buying a Louisiana insurance company. Martin claimed to handle investments for a group of insurance companies, including Franklin American Life Insurance Company, through a consultant named David



Martin Frankel in 1995

Rosse. It is now known that David Steven Rosse is one of the aliases used by Frankel. Other aliases he used include Steve "Marty" Rothschild, Eric Stevens, Robert Guyer, Michael King and Fausto Fausti, according to his arrest warrant and other sources.

During his meeting in Louisiana, Martin expressed an interest in acquiring United Life and Annuity Insurance Co., an insurer then based in Baton Rouge and up for sale by its owner, PennCorp. United, once owned by United Companies Financial Corp of Baton Rouge, had \$1.4 billion in assets at the end of the 1998, according to its financial statement.

"After we started asking questions about the source of his money, Mr. Martin, or whoever he was, left and we haven't heard of him since," said Commissioner Brown. Martin proposed using money from Luxembourg via the British Virgin Islands to buy a Louisiana company. Pressed for details about the source of the money, Martin told

Louisiana regulators that was confidential information.

"We have a highly trained professional staff on board with the expertise and resources needed to spot financial trouble early on. My Deputy Commissioner of Financial Solvency, Craig Gardner, and his staff have looked at more than one proposal with a jaundiced eye.

After a four-month international manhunt, Frankel was arrested in Hamburg, Germany, and is now awaiting extradition back to the U.S. Not waiting for his return, Arkansas, Tennessee and Mississippi have already initiated legal proceedings against Frankel and officials of Frankel-affiliated insurance companies.

Commissioner Brown urges early shopping, timely buying for those losing Medicare HMO coverage

Commissioner of Insurance Jim Brown recommends a strict shopping and buying timetable to thousands of Medicare beneficiaries who will lose their Medicare HMO coverage effective Dec. 31.

"Approximately 16,000 people will no longer have the option of being covered under a Medicare HMO," Commissioner Brown said. "However, they will automatically be covered under the traditional Medicare program effective Jan 1. In addition, they have the **guaranteed** right to buy either one of four Medicare supplement insurance policies also effective immediately," he said.

Commissioner Brown recommended the following timetable to all 16,000 affected Medicare HMO beneficiaries interested in buying Medicare Supplement Insurance:

- Shop your options now. Medicare Supplement policies are available all over the state.
- Make your decision now. Decide what medsup policy you are going to buy as soon as possible.
- Be sure the agent makes your new policy effective Jan. 1 and not before. Your Medicare HMO coverage will be good through Dec. 31.

"We regret that the Medicare HMOs involved are unable to continue participating in the Medicare+Choice program," said Commissioner Brown. "However, the important thing to remember now is that all those losing Medicare HMO coverage are eligible to enroll in any one of the four most common Medigap policies sold in the state regardless of their age or the state of their health."

"We at the Department of Insurance will use our full regulatory power to see that all companies selling Medigap coverage in this state comply with the law," Brown said. "Anyone who feels he or she is being treated unfairly by any agent or company selling Medicare Supplement insurance should call the Department's Senior Counseling Program, SHIIP (Senior Health Insurance Information Program), toll-free, 1-800-259-5300," he said.

To help ease the transition for affected beneficiaries, Department of Insurance SHIIP representatives, along with representatives of Social Security, Louisiana Medicare Part B and the Louisiana Peer Review Organization, are conducting free "Medicare 101" seminars statewide to explain the available options. In addition, the Department's Office of Health Insurance has instructed the HMOs to set up local meetings in the areas of the state where they are discontinuing service.

Commissioner Brown signed Uniform Treatment Declaration

Commissioner Jim Brown signed the Uniform Treatment Declaration effective July 30, 1999. This agreement creates barrier-free reciprocity to non-resident producer licensing with other participating states.

In the past, obstacles such as countersignature laws have prevented non-resident producers from operating in the same manner as resident producers. Commissioner Brown's legislation, which repealed the countersignature provision, passed during the 1999 Legislative Session.

The Uniform Treatment Declaration is the National Association of Insurance Commissioner's coordinated approach to achieving greater uniformity in the non-resident licensing process, as well as addressing restrictions on sales and solicitation by non-resident producers.

The motive for the Declaration has been the threat of federal legislation that would effectively eliminate what many consider an out-of-date and difficult process of meeting separate license requirements in every state. Federal infringement into the licensing arena would seize much of the states' producer licensing authority.

Agent charged in fraud scheme with counterfeit insurance cards

Leonard Frank Giovingo of Independence was arrested and charged with felony theft, forgery, misappropriation of insurance premiums, insurance fraud and automobile insurance fraud. (Insurance fraud and automobile insurance fraud are covered in two separate statutes.) The arrest was the result of an ongoing investigation of State Police, Department of Insurance fraud investigators and the National Insurance Crime Bureau.

"This is a major investigation into fraudulent activities and the efforts are continuing so we can determine the magnitude of this unlawful operation," said Commissioner Brown.

The suspect issued counterfeit proof of insurance cards frequently using the name of Imperial Fire and Casualty Insurance Co. or Republic Insurance Co. of Dallas, Tex. "The truth is that this person is not the authorized agent of any property and casualty insurance company, and therefore cannot legally sell automobile insurance for these companies," said Commissioner Brown.

The suspect allegedly issued bogus insurance cards, but did not issue actual policies. "This is a variation of a

"This may be the most comprehensive insurance fraud scheme involving automobile insurance that we have seen so far."

frequent fraudulent scenario in which agents pocket premiums and don't forward the money to an insurance company to issue a policy," said Commissioner Brown.

Investigators have information that the suspect directed persons, who purchased what they thought was insurance coverage from him, to the body shop to repair

wrecked vehicles. Investigators believe that persons whose vehicles were damaged by the suspects "policyholders" were also directed to the body shop, Commissioner Brown said. Some victims' cars have been at the body shop for extended periods of time without repairs being completed, Commissioner Brown said evidence indicates.

"This may be the most comprehensive insurance fraud scheme involving automobile insurance that we have seen so far," said Commissioner Brown. "It appears that victims not only were defrauded out of their insurance premiums but also were victimized a second time when their vehicles were brought in for repairs that were not completed at all or not completed in a timely fashion," he said.

New Publications available from Department

The Department of Insurance has the following new publications now available:

<u>Buyer's Guide to Fixed Deferred Annuities</u> will help you understand the differences among various annuities so you can choose the kind that best fits your needs or better understand the ones you already have. <u>Teenager's Guide to Auto Insurance</u>, answers many of the questions that teens and their parents have about insurance coverage. This free guide will help new drivers understand what auto insurance is and how it affects them. The guide also offers suggestions on how you and your teenagers can save money on your auto insurance.

New Publications cont.

Multiple copies of *Teenager's Guide to Auto Insurance* are also available for classroom use. Contact the Department's Office of Public Affairs.

<u>Solving Your Health Insurance Problems</u> is designed to assist you in choosing the right health care plan and resolving medical insurance claims disputes.

If you are interested in receiving one or both of these new publications, call the Department's toll-free number or visit our web site http://wwwldi.ldi.state.la.us.

Company changes for the First Quarter of the 1999-2000 Fiscal Year

ACQUISITION

GUARANTY ASSURANCE COMPANY (LA)

Acquisition filed whereby Dental Economics, L.P., a Delaware limited partnership, has acquired control of **Guaranty Assurance Company**, a Louisiana insurer. Hearing held and acquisition hereby approved on **July 22, 1999** by Joe Wills, Hearing Officer for the Louisiana Department of Insurance. Dated 7/22/99.

PRINCIPAL HEALTH CARE OF LOUISIANA, INC. (LA)

Acquisition whereby **Principal Health Care of Louisiana, Inc.**, a Louisiana health maintenance organization, has been acquired through the acquisition of Coventry Health Care, Inc., a Louisiana corporation, by Warburg, Pincus Ventures, L.P., a Delaware limited partnership. Acquisition is hereby approved by Joe Wills, Hearing Officer for the Louisiana Department of Insurance on August 31, 1999.

AGENT FOR SERVICE OF PROCESS

LOUISIANA EMPLOYERS-MANAGED INSURANCE COMPANY (LA) f/k/a Louisiana Employers Mutual Insurance Company

Amendment (effective 8/23/99): amending Articles of Incorporation – changing the Company's agent for service of process to **J. Ashley Moore**, 451 Florida Boulevard, 8th Floor, Bank One Centre, P.O. Box 2471 (70821), Baton Rouge, LA 70801. Dated 9/2/99.

PAN-AMERICAN ASSURANCE COMPANY (LA)

Change of Registered Agent Form and Board Resolution filed changing the Company's agent for service of process to **Raymond J. Munna**, Legal Department, 601 Poydras Street, New Orleans, LA 70130. Dated 8/30/99.

AMENDMENT TO CERTICATE OF AUTHORITY

CIGNA INSURANCE COMPANY (PA)

Amendment to Certificate of Authority: certificate amended to add **accident and health** insurance, to the company's authority in Louisiana. Dated 7/1/99.

CONTINENTAL LIFE INSURANCE COMPANY (TX)

Amendment (effective 3/18/99): amending Articles of Incorporation (changing the company's city of domicile from Fort Worth to **Amarillo, Potter County**, Texas). Dated 7/23/99.

FOLKSAMERICA REINSURANCE COMPANY (NY)

Amendment to Certificate of Authority: certificate amended to add **fidelity and surety** insurance to the company's authority in the State of Louisiana. Dated 9/30/99.

LA EMPLOYERS MUTUAL INSURANCE COMPANY (LA)

Amendment (effective 8/23/99): amending Articles of Incorporation – changing the company's name from Louisiana Employers Mutual Insurance Company to Louisiana Employers-Managed Insurance Company and converting the company from a mutual to a stock insurer. Dated 9/2/99.

MS CASUALTY INSURANCE COMPANY (MS)

Amendment to Certificate of Authority: certificate amended to add **workers' compensation** insurance to the company's authority in the State of Louisiana. Dated 9/30/99.

ROYAL LIFE INSURANCE COM-PANY OF AMERICA (CT)

Amendment to Certificate of Authority: certificate amended to add **annuities**, **variable annuity** and **variable life insurance** to the company's authority in Louisiana. Dated 7/26/99.

SAFETY NATIONAL CASUALTY CORPORATION (MO)

Amendment to Certificate of Authority: certificate amended to add vehicle, burglary & forgery, glass, fire & extended coverage, crop & livestock, and marine & transportation (inland marine) insurance to the company's authority in the State of Louisiana. Dated 10/6/99.

MERGER AGREEMENT

ALLENDALE MUTUAL INSURANCE COMPANY (RI)

Merger Agreement (effective 7/1/99): whereby Protection Mutual Insurance

Company, an Illinois insurer (licensed) and Arkwright Mutual Insurance Company, a Massachusetts insurer (licensed), merged into Allendale Mutual Insurance Company, a Rhode Island insurer (licensed/surviving company). Upon the effective date of merger, the separate existence of Protection Mutual Insurance Company and Arkwright Mutual Insurance Company ceased to exist. Simultaneously with merger, Allendale Mutual Insurance Company changed its name to Factory Mutual Insurance Company. Dated 7/23/99.

COLONIAL PENN FRANKLIN INSURANCE COMPANY (PA)

Merger Agreement (effective 7/30/99): whereby Forum Insurance Company, an Illinois insurer (licensed), merged into **Colonial Penn Franklin Insurance Company**, a Pennsylvania insurer (licensed/surviving company). At the effective time of merger, the separate existence of **Forum Insurance Company** ceased. Dated 8/25/99.

CONSECO MEDICAL INSUR-ANCE COMPANY (IL)

Merger Agreement (effective 1/1/99): whereby National Group Life Insurance Company, an Illinois insurer (licensed) merged into **Conseco**Medical Insurance Company, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of National Group Life Insurance Company ceased. Dated 7/2/99.

UNION FIDELITY LIFE INSURANCE COMPANY (IL)

Merger Agreement (effective 7/30/99): whereby The Signature Life Insurance Company of America, an Illinois insurer (licensed), merged into **Union Fidelity Life Insurance Company**, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of **The Signature Life Insurance Company of America** ceased. Dated 8/25/99.

UNION FIDELITY LIFE INSURANCE COMPANY (IL)

Merger Agreement (effective 7/30/99): whereby Montgomery Ward Life Insurance Company, an Illinois insurer (licensed), merged into **Union Fidelity Life Insurance Company**, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of **Montgomery Ward Life Insurance Company** ceased. Dated 8/25/99.

UNION FIDELITY LIFE INSURANCE COMPANY (IL)

Merger Agreement (effective 1/1/99): whereby PHF Life Insurance Company, a Florida insurer (licensed) merged into and with **Union Fidelity Life Insurance Company**, an Illinois insurer (licensed/surviving company). At the effective time of merger, the separate existence of **PHF Life Insurance Company** ceased. Dated 7/23/99.

NAME CHANGE and/or REDOMESTICATION

AMERICAN LIBERTY INSUR-ANCE COMPANY (IA)

Amendment (effective 01/01/99): amending Articles of Incorporation – changing the company's name from American Liberty Insurance Company to **EMC Property & Casualty Company**. Dated 6/29/99.

ARCADIA NATIONAL LIFE INSUR-ANCE COMPANY (AZ)

Amendment (effective 8/15/99): amending Articles of Incorporation (changing the company's name from Arcadia National Life Insurance Company to **Reliance Life Insurance Company**) and redomesticating the company from Arizona to Delaware. Dated 9/22/99.

BALOISE INSURANCE COMPANY OF AMERICA (NY)

Amendment (effective 1/26/99): amending Articles of Incorporation (changing the company name from The

Baloise Insurance Company of America to **Providence Washington Insurance Company of New York**). Dated 8/25/99.

CIM INSURANCE CORPORA-TION (NY)

Redomestication (effective 4/29/99): amending Articles of Incorporation – redomiciling the company from New York to **Michigan**. Dated 9/1/99.

CALVERT INSURANCE COMPANY (PA)

Amendment (effective 8/11/99): amending Articles of Incorporation (changing the company's name from Calvert Insurance Company to **Specialty National Insurance Company**). Dated 9/22/99.

FIRST REINSURANCE COMPANY OF HARTFORD (CT)

Amendment (effective 7/1/99): amending Articles of Incorporation (changing the company name from The First Reinsurance Company of Hartford to **Deerfield Insurance Company** and redomesticating the company from Connecticut to the State of **Illinois**). Dated 8/25/99.

FOUNDATION HEALTH, A LOUI-SIANA HEALTH PLAN, INC. (LA)

Amendment (effective 8/12/99): amending Articles of Incorporation (changing the HMO's name from Foundation Health, a Louisiana Health Plan, Inc. to **AmCare Health Plan of Louisiana, Inc.**). Dated 9/21/99.

LEADER NATIONAL INSURANCE COMPANY (OH)

Amendment (effective 12/10/98): amending Articles of Incorporation – changing the company's name from Leader National Insurance Company to **Leader Insurance Company**. Dated 6/29/99.

LINCOLN MEMORIAL LIFE INSURANCE COMPANY (TX)

Amendment (effective 03/03/99): amending Articles of Incorporation – changing the company's name from Lincoln Memorial Life Insurance Company to **New Life Insurance Company**. Dated 6/29/99.

LYNDON SOUTHERN INSUR-ANCE COMPANY (LA)

Change of Registered Office Form and Board Resolution filed changing the Company's city of domicile to **Marksville**, Louisiana. Dated 8/31/99.

MIDLAND NATIONAL LIFE INSUR-ANCE COMPANY (SD)

Redomestication (effective 7/1/99): amending Articles of Incorporation – redomiciling the company from South Dakota to the State of **Iowa**. Dated 10/6/99.

MILLERS MUTUAL FIRE INSUR-ANCE COMPANY (TX)

Amendment (effective 04/21/99): amending Articles of Incorporation – changing the company's name from The Millers Mutual Fire Insurance Company to **The Millers Insurance Company** and converting it from a mutual to a stock property and casualty company. Dated 6/29/99.

MOTORS INSURANCE CORPORATION (NY)

Redomestication (effective 4/29/99): amending Articles of Incorporation – redomiciling the company from New York to **Michigan**. Dated 9/1/99.

MUTUAL ASSURANCE, INC. (AL)

Amendment (effective 6/15/99): amending Articles of Incorporation – changing the company's name from Mutual Assurance, Inc. to **The Medical Assurance Company, Inc.** Dated 10/6/99.

NATIONAL LIFE INSURANCE COMPANY (AZ)

Amendment (effective 8/15/99): amending Articles of Incorporation (changing the company's name from Arcadia National Life Insurance Company to **Reliance Life Insurance Company**) and redomesticating the company from Arizona to **Delaware**. Dated 9/22/99.

SEABOARD LIFE INSURANCE COMPANY (USA) (IN)

Amendment (effective 3/1/99): amending Articles of Incorporation (changing the company name from Seaboard Life Insurance Company (USA) to **Centris Life Insurance Company**). Dated 8/25/99.

UNITED GENERAL TITLE INSURANCE COMPANY (LA)

Redomestication (effective 6/1/99): amending Articles of Incorporation (redomesticating the company from Louisiana to the State of **Colorado**). Dated 8/25/99.

WINTERTHUR LIFE RE INSUR-ANCE COMPANY (TX)

Amendment (effective 4/2/99): amending Articles of Incorporation changing the company's name from Winterthur Life Re Insurance Company to **PartnerRe Life Insurance Company of the U.S.** Dated 9/22/99.

VASA NORTH ATLANTIC INSUR-ANCE COMPANY (IN)

Amendment (effective 2/24/99): amending Articles of Incorporation – changing the company's name from VASA North Atlantic Insurance Company to **Centris Insurance Company**. Dated 6/23/99.

WORLD SERVICE LIFE INSURANCE COMPANY OF AMERICA (AL)

Redomestication (effective 12/31/98): amending Articles of Incorporation – redomiciling the company from Alabama to the State of **Texas**. Dated 6/29/99.

WORLD SERVICE LIFE INSUR-ANCE COMPANY OF AMERICA (TX)

Amendment (effective 03/04/99): amending Articles of Incorporation – changing the company's name from World Service Life Insurance Company of America to Lincoln Memorial Life Insurance Company. Dated 6/29/99.

ZURICH REINSURANCE (LONDON) LIMITED (ENGLAND)

Amendment (effective 4/16/99): amending Articles of Incorporation – changing the company's name from Zurich Reinsurance (London) Limited to **Zurich Specialties London Limited.** Dated 6/28/99.

Single copies of the following publications are available free of charge at your request:

<u>Ask Commissioner Brown</u> -- The Commissioner's award-winning weekly question-and-answer-style column that appears in more than 30 newspapers around the state.

<u>How to File and Insurance Complaint</u> -- A step-by-step explanation of how to file a complaint with the Department of Insurance and what help you can expect once you have filed your complaint.

<u>Solving Your Health Insurance Problems</u> —Assists you in choosing the right health care plan and resolving disputes about medical insurance claims.

<u>The Pocket Guide to Getting a Resident Insurance License</u> -- A guide for those interested in becoming insurance agents licensed to sell in Louisiana.

<u>Life Insurance Buyer's Guide</u> — A guide which helps answer your questions about purchasing life insurance.

Answers to Common Questions about Flood Insurance -- A timely guide for flood-prone Louisiana.

Buyer Beware -- A top 10 list of things you can do to stop insurance fraud.

<u>Consumers' Guide to Auto and Home Insurance</u> -- Shopping tips, policy terminology, discount information and easy-to-use worksheets make this booklet a consumer favorite.

<u>Dos and Don'ts of Workers' Compensation</u> -- The guidelines people should follow when they experience injury at their place of employment.

<u>Hurricane Preparedness Guide</u> -- An eight-page pamphlet that tells you how to prepare your home and family for Louisiana's major natural disaster. Remember: hurricanes affect inland as well as coastal residents.

Louisiana Insurance Fraud Investigator -- A special report on the fraud-fighting efforts of the Department.

Louisiana Department of Insurance Commissioner James H. "Jim" Brown P.O. Box 94214 Baton Rouge, LA 70804-9214 PRESORT
FIRST CLASS
U.S. POSTAGE
PAID
BATON ROUGE,LA.
PERMIT NO. 256

This public document was published at a total cost of \$. A total of 10,000 copies of this public document were published in this printing. This document was published for the Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA., 70804-9214, by , Baton Rouge, LA , under the authority of special exception by the Division of Administration. This material was printed in accordance with the standard for printing by state agencies established pursuant to R.S. 43:31.